

# Financial Reporting Advisory Board Paper

## DH Group Manual for Accounts 2014-15

<b>Issue:</b>	FRAB is asked to approve the issue of the 2014-15 DH Group Manual for Accounts and note plans for the drafting of the 2015-16 Manual
<b>Impact on guidance:</b>	The Manual sets DH Group Accounting Policy and is compliant with the Treasury FReM.
<b>IAS/IFRS adaptation?</b>	N/A
<b>Impact on WGA?</b>	N/A
<b>IPSAS compliant?</b>	N/A
<b>Interpretation for the public sector context?</b>	N/A
<b>Impact on budgetary regime?</b>	N/A
<b>Alignment with National Accounts</b>	N/A
<b>Impact on Estimates?</b>	N/A
<b>Recommendation:</b>	FRAB is asked to approve the 2014-15 Manual for Accounts for publication
<b>Timing:</b>	November 2014-15

### DETAIL

#### *Background*

1. The Department of Health issues its Manual for Accounts for the DH Group each year. An early draft was considered by FRAB on 3<sup>rd</sup> April 2014 and was subsequently issued for review and comment by stakeholders. The Department would like to thank all those who commented. A final draft has now been completed and the Department now seeks FRAB approval to issue the Manual.

2. The Department aims to issue the 2015-16 Manual for Accounts in April 2015: work will begin on this immediately after the 2014-15 Manual has been issued.

### **Summary**

3. This version of the manual builds on the version previously seen by FRAB by incorporating comments from the consultation on the earlier draft.

4. It has undergone some restructuring in line with the Department's intention to move towards the issue of a single DH Group-wide Manual that contains core Group information, supplemented by entity-type specific guidance where appropriate and useful, and some CCG and NHS Trust-specific guidance is now presented separately in appendices. The NHS Foundation Trusts' Annual Reporting Manual (ARM) is still published as a separate and free-standing document at present.

5. The Manual removes the divergence from the FReM that applied in 2013-14 (on modified absorption accounting for NHS restructuring on 1 April 2013) and so does not contain any divergences for 2014-15.

6. FRAB (120)06 noted the key changed from the 2013-14 Manual, while the documents accompanying this paper track those detailed changes made as a result of consultations since April.

7. Two versions of the Manual are presented: one is a 'track changes' version, presented to show in full the changes that have been made since the last version considered by FRAB. The other is a 'clean' version without track changes and due to the high number of changes, is more legible than the marked up version.

8. Work will begin immediately on the 2015-16 Manual for Accounts, with the aim of presenting it to FRAB in March 2015 and publishing in April 2015.

### **Recommendation**

9. FRAB is requested to approve the 2014-15 Manual for Accounts for publication.

### ***Changes from the 2013-14 version***

- Some restructuring towards the aim of a core DH group manual, supplemented by entity-type specific guidance:
  - Chapter 2, dealing with the Annual Report, now contains a CCG Appendix that clarifies issues specific to CCG governance (e.g. dealing with GPs' pension entitlements where GPs are Members of the Governing Body);
  - NHS England is considering to what degree more detailed CCG-specific guidance in respect of the Annual Report should be provided, partly in response to suggestions made by the Audit Commission. Where more detail is to be added, this will be effected by means of a formal amendment (by means of a "FAQ") issued in advance the of Quarter 3 dry-run reporting exercise.
  - Chapter 4 (Accounts Completion) has been changed to remove organisation-type specific information (e.g. Trusts' PFI disclosures and Income Analysis) to the relevant Appendix;
- References to the 2013-14 "Modified Absorption Accounting" policy were removed, as this treatment was agreed only for the specific purpose in handling transitional arrangements on the dissolution of Strategic Health Authorities and Primary Care Trusts;
- FReM requirements in respect of the Strategic Report have been better reflected in Chapter 2, which also adds detail, for example with regard to Human Rights disclosures in the Report;
- Guidance that had been issued late in 2013-14 (by means of "FAQs") has been brought into the body of the Manual. In particular, exit packages/severance payments and "off-payroll engagements" disclosures have been incorporated;
- The Remuneration report guidance is clearer about content and the auditable and unaudited elements of the Report;
- Chapter 3 (Accounting Policies) has been updated to reflect FReM interpretations of the Group Accounting Standards (IFRS 10, 11 and 12) effective in the FReM from 1 April 2014;
- In line with practice in previous years, Chapter 5 (Example Accounts Formats) is to be issued later in the calendar year when it can be aligned with any changes in Group consolidation requirements for the year. They will reflect detailed changes made in "summarisation schedules" that supply the data input for the Department's consolidation systems.